



CITY OF DURHAM | NORTH CAROLINA

Date: May 20, 2014

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Joel V. Reitzer, Jr., Director, General Services Department

Subject: Construction Manager at Risk Contract with Balfour Beatty Construction, LLC for City Hall Annex and Building Envelope Project

Executive Summary

From 2009-2013, the Capital Improvements Program (CIP) provided funding for design and renovation of City Hall envelope and associated work. The project scope will address functional and safety issues, replacement of the City Hall Chillers, and partial renovation of the City Hall Annex Plaza. In Fall 2013, General Services Department (GSD) opened bids for a General Contractor to perform the work. Burney and Burney Construction Co., Inc. (Burney & Burney) was the apparent low bidder. Upon review by General Services Department (GSD), Department of Equal Opportunity/Equity Assurance (EO/EA), and Finance's Risk Management Division it was concluded that Burney & Burney was the lowest responsive and responsible bidder. Due to the complexity of the project and the sensitivity in maintaining full operation during construction, GSD requested both critical path schedule and detailed logistics and phasing plans prior to contract execution. After several months of incomplete submissions of these documents and failure to provide all required compliance documents for contract execution, the project was delayed beyond the available time-sensitive window to replace the City Hall Chillers, a significant portion of the project. In addition, in February 2014 GSD learned of legal action involving Burney & Burney in a recent project. Supporting GSD's recommendation that the project approach should be re-evaluated and a Construction Manager at Risk (CMAR) project delivery method be used, the City Manager rejected all bids.

On March 13, 2014 GSD advertised a Request for Qualifications for CMAR pre-construction and construction services. On April 10, 2014, GSD received six submittals. During the evaluation process, two firms, Lend Lease (US) Construction, Inc. and Balfour Beatty Construction, LLC were short-listed for interviews and Balfour Beatty Construction, LLC was selected as the most qualified CMAR firm to perform the "City Hall Complex" Renovations Project.

Given that this project was recently bid and the low bid was \$4.6 million, GSD considers the recent bid a strong indicator that the project can be delivered by a CMAR within current project funding. GSD has negotiated a lump sum preconstruction services fee of \$22,380.00 for constructability review, value management exercise, cost estimating, logistics/phasing plans and scheduling. A construction management fee has been negotiated for construction services phase at 3.5%.

Recommendation

The General Services Department recommends that the City Council:

1. Authorize the City Manager to negotiate and execute a CMAR contract with Balfour Beatty, LLC for preconstruction and construction services for the City Hall Annex and Building Envelope Project;
2. Authorize the City Manager to negotiate and execute a Guaranteed Maximum Price (GMP) Amendment to the CMAR contract for construction services;
3. Establish a project contingency equal to the difference between the project budget of \$5,263,037.00 and the cost of both preconstruction and the GMP; and,
4. Authorize the City Manager to negotiate and execute change orders on the City Hall Annex and Building Envelope CMAR contract, provided the total project cost does not exceed \$5,263,037.00, the amount budgeted for preconstruction and construction services including the project contingency.

Background

City Hall was constructed in 1976 and the City Hall Annex was constructed in 1964. Major interior renovations and accessibility upgrades to City Hall and the first floor of the City Hall Annex as well as full roof replacement at City Hall were completed in 2009.

In May 2008, the General Services Department commissioned a study to quantify work required to address envelope-related problems at the City Hall and City Hall Annex buildings. In July 2009, City Council allocated funds for the City Hall Envelope and Annex Roof project. In September 2011, construction was completed on the City Hall Annex Roof Replacement. Initial design for the City Hall Envelope phase of the project commenced in October 2009, however, issues were identified with respect to the fiber-reinforced concrete and plywood panel cladding on the building. Further investigation determined that the exterior building panels would require replacement, and that additional funds would be necessary for this work. Replacement of exterior cladding will result in improved insulation and energy efficiency and extend the useful life of the building. In July 2011, City Council allocated additional funds for replacement of the concrete panel cladding system.

Replacement of the waterproofing in the City Hall Annex Plaza and chiller replacement at City Hall are involved in this project. The existing chillers at City Hall were installed in the 1976 construction of the building and have reached the end of their useful life. Replacement of the chillers with new, modern equipment will improve energy efficiency, system functionality and user comfort. The City Hall Annex Plaza Renovation will replace the slab and waterproofing system which protects the parking garage on the ground level of the Annex. The Annex plaza waterproofing system has failed in several locations and requires replacement to ensure continued integrity of the parking level below. In addition to waterproofing replacement, the plaza renovation will include replacement of the existing non-compliant handrail system with updated guardrails and include ADA accessibility improvements.

In July 2012, City Council allocated funds through the CIP process for the replacement of the City Hall Chillers and replacement of the City Hall Annex Plaza waterproofing system.

On September 4, 2012, City Council approved a professional services contract with Roughton Nickelson DeLuca Architects (RND Architects) to complete design and construction documents to address three scopes of work:

1. Renovation of City Hall Envelope (inclusive of replacement of existing concrete panel system and brick at the northwest corner);
2. Replacement of City Hall Chillers; and
3. Renovation of City Hall Annex Plaza as required to renovate waterproofing systems.

During the investigation phase in Fall 2012, it was determined that two walls of brick veneer at the northwest corner of City Hall were inadequately supported. This was a serious safety concern. Installation of anchor bolts to stabilize the exterior walls was completed as an emergency repair in February 2013. In July 2013, City Council allocated funds for the additional scope to replace the exterior walls with new brick and structural support in the unsupported area on the northwest and west elevations.

Six bids were opened on October 24, 2013. Burney & Burney was the apparent low bidder. GSD, EO/EA, and Finance's Risk Management Division reviewed the bids, conducted a de-scoping meeting, and concluded that Burney & Burney was the lowest responsive and responsible bidder. Due to the complexity of the project and the sensitivity in maintaining full operation during construction, GSD requested both critical path schedule and detailed logistics and phasing plans prior to contract execution. After several months of incomplete submissions of these documents and failure to provide all required compliance documents for contract execution, the project was delayed beyond the available time-sensitive window to replace the City Hall Chillers, a significant portion of the project. In addition, in February 2014 GSD learned of legal action involving Burney & Burney in a recent project. Supporting GSD's recommendation that the project approach should be re-evaluated and a Construction Manager at Risk (CMAR) project delivery method be used, the City Manager rejected all bids. A request for CMAR qualifications for the project was issued, six CMARs provided submittals and interviews of the top two firms were conducted. Balfour Beatty, LLC, the CMAR on the prior interior City Hall project was selected as the most qualified.

Issues/Analysis

The City Hall Annex and Building Envelope project is a high profile project. In making the recommendation to proceed with the CMAR delivery method, GSD consulted with the project architect and researched University projects utilizing CMAR where the projects were estimated at \$2M or above. This project affects hundreds of employees directly and indirectly as well as the public at large. It is critical that the project be completed in accordance with weather constraints, project schedule constraints and the City's usage requirements for the City Hall Complex. In the past, the City has used the CMAR delivery method successfully on multiple projects to deliver schedule critical projects. The City Hall Interior Renovations project was completed using the CMAR delivery method. Advantages of utilizing CMAR on this project include:

- high level of communication amongst the project team, owner and architect and downtown business and other stakeholders
- commitment to perform work on weekends/nights or as otherwise needed to meet the schedule and accommodate the City's needs
- scheduling and phasing expertise

- ability to respond quickly to non-performing subcontractors as necessary
- expertise in managing complex logistical projects
- compliance with SDBE program goals and ability to package subcontractor bid opportunities to meet or exceed programmatic goals.

Approval of the CMAR contract will permit the CMAR to proceed with preconstruction services with a 60-day duration, prepare a preliminary GMP for review and approval and package bidding opportunities in early August 2014 and execute a final GMP. Construction is anticipated to begin in earnest in October 2014, with an anticipated construction duration of nine months.

Alternatives

General Services staff recommends proceeding with the CMAR project delivery approach as the only viable alternative.

Financial Impacts

\$ 526,304.00	3301C990-731900-CC210
\$ 3,461,894.00	3301C990-731000-CC210
\$ 954,320.00	3301C952-731000-CC210
\$ 198,139.00	3301C951-731000-CC210
\$ 22,380.00	3301C951-731003-CC210
\$ 100,000.00	3301C952-731000-CH295
\$ 5,263,037.00	TOTAL

SDBE Summary

SDBE Strategic Plan is attached. The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by Balfour Beatty Construction of Raleigh, North Carolina to determine compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. It was determined that Balfour Beatty Construction was in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

No MSDBE or WSDBE goals were set.

Balfour Beatty Construction will subcontract to the following certified firms:

Firm	ID	City/State	Amount	% of Contract
The Daniele Company	MSDBE	Durham, NC	\$ 4,476.00	20%
Large and Small Graphics	MSDBE	Raleigh, NC	\$ 450.00	2%

WORKFORCE STATISTICS

Workforce statistics for Balfour Beatty Construction are as follows:

Total Workforce	66
Total Females	15 (23%)
Total Males	51 (77%)

Black Males	7	(11%)
White Males	41	(62%)
Other Males	3	(4%)
Black Females	1	(2%)
White Females	13	(19%)
Other Females	1	(2%)